VOL 19 No 9 SEPTEMBER 1989

SURVEY of Current Affairs

External Affairs and Defence

Poland 343

Cambodia 344

Relations between Britain and Argentina 345

Economic and Scientific Affairs

Balance of Payments 1988 347

Stock of Businesses 350

Fair Trading 351

Restrictive Trade Practices 352

Regional Trends 354

Shorter Notes

Credit Cards 355; Scottish Enterprise 356; Coal-Fired Electricity 356; Air Traffic Control 356; Passenger Safety on the River Thames 357; Environmental Labelling 357

Social and Cultural Affairs

Sport for People with Disabilities 359

Muslims in Britain 361

Shorter Note

Qualified Teacher Status 362

Documentation 363

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NOTE

The term 'Britain' is used informally in the *Survey of Current Affairs* to mean the United Kingdom of Great Britain and Northern Ireland. 'Great Britain' comprises England, Wales and Scotland.

Poland

Britain has welcomed the emergence of a new government in Poland, following the election by the Polish Parliament on 21 August 1989 of a leading member of the independent trade union Solidarity, Mr Tadeusz Mazowiecki, as Prime Minister.

In a speech to the Inter-Parliamentary Union on 6 September, the Prime Minister, Mrs Margaret Thatcher, said Mr Mazowiecki's election was 'a landmark on the road to full parliamentary democracy'. Solidarity's victory had been 'a reward for the courage, vision and tenacity' of the Solidarity leader, Mr Lech Walesa. She also paid tribute to Poland's President, General Wojciech Jaruzelski, for 'his patriotic and dignified handling of these remarkable events'.

Commenting on 22 August on Mr Mazowiecki's election, Mr William Waldegrave, Minister of State at the Foreign and Commonwealth Office, said that Britain 'should genuinely and sincerely and calmly welcome the fact that the Polish people are now taking their own destiny in their own hands again'. Both East and West, he added, should see that this 'historic breakthrough to freedom' was no threat to anyone, including more orthodox communist countries like Czechoslovakia, the German Democratic Republic and Romania. The West had an important responsibility to make it clear that it welcomed the change in Poland, not because of any international competition with the Soviet Union but because the opportunities for stability could increase if the governments of these countries had the genuine support of their people.

Economic Assistance

Mr Waldegrave confirmed Britain's readiness to play its part in a programme with the International Monetary Fund (IMF) and the World Bank to reschedule Poland's national debt.[1] During an official visit to Britain by General Jaruzelski in June 1989, Mrs Thatcher had told him that, although Britain considered an agreement between Poland and the IMF to be an essential condition for substantial economic help from the West, the British Government would support rescheduling of Poland's payments of principal and interest due in 1989 without waiting for the negotiations with the IMF to be completed. In addition, Britain would continue to take the lead within the European Community to achieve liberalisation of discriminatory quantitive restrictions, would send a minister to Poland to indentify opportunities for investment by British firms, and would be ready to contribute £5 million a year for five years towards a 'know-how fund' to provide Poland with training and advice to support progress towards democracy and a market economy. The fund would cover the transfer of skills such as management training, financial services, banking, accountancy and commercial law; it would also cover advice such as the organisation and running of an independent judiciary, the media, political parties and other democratic institutions.

[1]Poland's national debt has increased from $23,000 million in 1981 to $39,000 million in 1989, with a servicing cost of $2,000 million a year. Britain's share of this debt is around £1,000 million.

Background

Formed in 1980, the independent trade union movement, Solidarity, made agreements with the Polish Government providing for free trade unions and social and labour reforms, but in December 1981 the authorities, under pressure from the Soviet Union, declared martial law and banned Solidarity (see pp 7-12, 1982). Later in 1982, Solidarity was dissolved (see pp 353-4, 1982). In July 1983 martial law was lifted (although some important martial law practices were made permanent) and economic and some political reforms were instituted (see p 18 fn, 1983).

As Poland's economic situation worsened,[1] the communist government announced in January 1989 that it would be willing to legalise Solidarity, and began round-table discussions with it for its legalisation and for new power-sharing arrangements. In March 1989, the two sides agreed to major changes in the parliamentary structure including the creation of an upper chamber (the Senate, members of which would be freely elected), a six-year Presidency, and the division of the lower chamber (*Sejm*), in which 65 per cent of the seats were to be reserved for the Communist Party and its long-term coalition partners and 35 per cent for the opposition.

At the election in June Solidarity won all 161 seats it was allowed to contest in the *Sejm* and 99 out of 100 seats in the new Senate; the Communist Party won 173 seats and its associate group (the Christian Democrats) 23 in the *Sejm*, while two other official parties that had formed the previous ruling coalition with the Communist Party – the United Peasants' Party and the Democratic Party – received 76 and 27

[1]As well as having a large national debt, Poland had an annual inflation rate of nearly 100 per cent in the first half of 1989, while its industrial productivity has fallen by 25 per cent since the beginning of the decade.

seats each. After the failure of the Communist Party to persuade the other parties to form a new coalition, on 19 August General Jaruzelski (who had been elected President by Parliament on 19 July), invited Mr Mazowiecki (the editor of a Solidarity weekly paper) to form a government; this was confirmed on 25 August, when he was formally elected Prime Minister by 378 members of the *Sejm* (with 41 Communist abstentions and four against).

The new Polish Cabinet was approved by the Parliament on 12 September, with Solidarity holding 131 portfolios (including information and finance) and the Communist Party holding four (including interior and defence); of the remaining seven posts, the United Peasants' Party was given four and the Democratic Party three. The post of foreign affairs was given to an Independent.

Cambodia

An international conference on Cambodia, which began in Paris on 30 July, was suspended on 29 August because of differences between the four Cambodian factions. Britain's views of the situation in Cambodia were set out by the Foreign and Commonwealth Secretary, Mr John Major, in a speech at the opening session of the conference. A statement was made at the end of the conference by Lord Brabazon of Tara, Minister of State at the Foreign and Commonwealth Office.

Background

The radical communist Khmer Rouge held power in Cambodia from 1975 until 1979, for much of which time they were under the leadership of Pol Pot. Under the Khmer Rouge, the country's urban population was forced into work camps and collectives in the countryside, where conditions were frequently harsh and brutal; the distribution of food and other supplies was controlled by the government; religion was suppressed; family life was broken up; personal possessions were prohibited; currency was abolished; and hospitals, schools and other basic amenities ceased to function. Officials of the pre-1975 regime, and in many cases their families, were executed, as were teachers, students and other intellectuals. The number of those who died from executions and the harshness of the Khmer Rouge regime is estimated at between 1 and 2 millions.

In December 1978, following a number of incursions into Vietnamese territory by Cambodian troops, Vietnamese forces entered Cambodia. The Khmer Rouge regime was overthrown in 1979 and a new communist government was set up with Vietnamese backing. Three major Cambodian resistance groups opposing this government have established themselves in camps along the Cambodia-Thailand border, and are linked in a coalition: two of these groups are non-communist; the third partner is the Khmer Rouge. Some Vietnamese forces remain in Cambodia, but Vietnam is committed to withdrawing them all by the end of September 1989.

The international conference in Paris, which began on 30 July, was the most recent attempt to resolve the problem. It was co-chaired by France and Indonesia, and attended by 17 other countries, including the United States, the Soviet Union and the People's Republic of China, as well as the Vietnamese-backed government in Cambodia and the other three Cambodian factions: the Khmer Rouge; the Khmer People's National Liberation Front, led by former Prime Minister Son Sann; and the National United Front for an Independent, Peaceful and Co-operative Cambodia, led by Prince Norodom Sihanouk, the former head of State. These three groups joined together in 1982 to form the Coalition Government of Democratic Kampuchea, which occupies Cambodia's seat at the United Nations (UN).

On 1 August the conference decided unanimously to send a UN team to Cambodia to examine technical aspects of monitoring a possible peace settlement. The four Cambodian factions also agreed to meet to discuss an internal political settlement. Three conference working committees were set up to examine the questions of an international control mechanism to monitor a settlement; the provision of international guarantees of Cambodia's independence and neutrality; and the repatriation of refugees.

The main obstacle to a settlement was the four Cambodian factions' failure to agree on a power-sharing arrangement pending general elections, with the Vietnamese-backed government refusing to allow the inclusion of the Khmer Rouge in the transitional government.

Foreign and Commonwealth Secretary's Speech

Addressing the conference at its opening session on 30 July, Mr Major said that it was right for the international community to join together in trying to solve the problems of Cambodia. The hundreds of thousands of Cambodians who had fled to Thailand and other countries had to be able to return home. Cambodians had to be able to elect 'a government of their own choice, free from the tyranny and the threat of genocide, free from militarism and civil war, free from foreign occupation and interference'. This was the purpose of the international conference.

The Foreign Secretary outlined some of Britain's diplomatic contributions to the affairs of South-East Asia since the 1950s: these included participation in the international conference on Cambodia held under UN auspices in 1981 (see pp 223-4, 1981). Britain had been one of the first countries to withdraw recognition from the Pol Pot regime when news of its 'appalling brutality' reached the outside world. Since 1979 Britain had given more than £13 million to help Cambodians living in camps along the Thai border. The British Government has also allocated funds to British voluntary agencies to provide humanitarian help inside Cambodia (see p 369, 1988).

In 1988 the five permanent members of the UN Security Council (Britain, France, China, the United States and the Soviet Union) began informal discussions in New York on the role that the international community could play in a settlement in Cambodia, and the British Government believed

that these discussions would make a helpful contribution to the work of the conference.

Mr Major said that Britain had four objectives with regard to the conference. The first was 'a durable political settlement which brings independence and neutrality to Cambodia and ensures that the people of the country are able to decide themselves what government they want'. The form of transitional arrangements was primarily a matter for Cambodian political leaders to decide. But in the Government's view the international community had a role as well – and 'a duty to ensure that Cambodia is never again subjected to the degradation of the Pol Pot era. Through their actions between 1975 and 1978 the Khmer Rouge must surely have forfeited any right to regain power'. Although the international community should encourage and support Cambodian efforts at reconciliation, all countries should cease their interference in Cambodia's internal affairs once that had been achieved, and instead should direct their efforts to sustaining independence and neutrality and to contributing to the country's development. In such circumstances the British Government was willing in principle to subscribe to realistic international guarantees to respect Cambodia's independence, neutrality and territorial integrity.

Secondly, Mr Major said that the political settlement had to be comprehensive. 'Our aim must be a government in Cambodia legitimised by free and fair elections.' It was important therefore that the conference's work on the external aspects of the problem should 'maintain a certain balance and symmetry' with internal progress.

Thirdly, any international control mechanism that was created had to have a clear mandate going beyond the single task of monitoring the withdrawal of Vietnamese forces. It had to have a clear command structure and to be credible and effective. The Government believed that the right answer was a mechanism under UN auspices operating through the Secretary-General with a mandate from the Security Council.

Finally, the Government believed that Vietnam had a very special responsibility. It welcomed Vietnam's declared intention to withdraw troops without preconditions by the end of September, but Mr Major said that withdrawal was not an end in itself: 'Those who have intervened militarily in Cambodia have a special responsibility to ensure that durable peace returns to the country they invaded and occupied. They must now renounce force as an instrument of policy and engage in the peaceful competition of trade and commerce.' Only in these circumstances was the British Government prepared to consider aid to Vietnam.

Minister of State's Statement

Addressing the closing session of the conference on 29 August Lord Brabazon of Tara, Minister of State at the Foreign and Commonwealth Office, said that the key factor in achieving national reconciliation between the Cambodian factions was that all Cambodians and factions could unite behind Prince Sihanouk. Britain found it hard to understand why, granted this fact, an internal political settlement had not been possible at the conference. A comprehensive and durable settlement was necessary and there would be no advantage in trying to deal with the problem in a piecemeal and partial fashion or in trying to 'conceal disagreement under a cloak of words'. The conference had demonstrated once more that there had never been an easy route to a settlement of the Cambodian question.

Relations between Britain and Argentina

Following talks between British and Argentine representatives in New York in August, Britain and Argentina have agreed to meet in Madrid to discuss a number of practical issues in the hope that this will lead to more normal relations between the two countries.

Communiqué

The talks took place between 16 and 18 August. The British Permanent Representative to the United Nations, Sir Crispin Tickell, and the Argentine Special Representative, Sr. Lucio Garcia del Solar, met to discuss the timing, agenda and conditions for a later substantive meeting between representatives of the two countries.

In a joint communiqué issued on 18 August, Britain and Argentina said that they would meet again in Madrid on 17 and 18 October. It added: 'It was agreed that, where necessary, discussion would take place under the terms of a formula to protect the position of each side with regard to sovereignty or territorial and maritime jurisdiction over the Falkland Islands, South Georgia and the South Sandwich Islands and the surrounding maritime areas.'

The communiqué stated that the Madrid meeting would cover the future of diplomatic and consular relations between the two countries; measures to build confidence and avoid incidents in the military sphere; trade and financial relations; air and sea communications; culture, science and sport; and other bilateral matters. On the South Atlantic, the communiqué said that the two countries would discuss contacts between the Falkland Islands and the continental mainland, fishery conservation and future co-operation on fisheries.

Both sides also agreed on a package of measures to improve diplomatic contacts and communications. In particular, subject to the agreement of the Protecting Powers,[1] they undertook to permit the respective interests sections to enjoy their own direct secure communications, to have direct access at official level to foreign ministries and to remove the ceiling on the numbers of staff.

The communiqué concluded: 'The representatives of the United Kingdom and Argentina stressed the intention of their respective governments to use the present opportunity to permit the normalisation of their relations, and the furtherance of their mutual interest in peace and stability in the South Atlantic.'

[1]Switzerland and Brazil are the Protecting Powers, the former representing British interests and the latter Argentina's.

Background

The Falkland Islands is a British dependent territory which has been continuously, peacefully and effectively occupied by Britain since 1833 with the exception of ten weeks of illegal Argentine occupation in 1982. Argentina claims sovereignty over the Islands on the grounds that it has succeeded to rights claimed by Spain in the eighteenth century. Successive British governments have had no doubt about British sovereignty and the inhabitants of the Islands have repeatedly made clear their wish to retain their association with Britain and not to become independent or associated with any other country.

The British Government believes that the Islanders have the right to self-determination, a provision which is contained in the 1985 constitution which came into effect in October of that year (see pp 109-10, 1985).

In furtherance of its claim, Argentina illegally invaded the Falkland Islands in early April 1982; Argentine forces also invaded South Georgia and the South Sandwich Islands (see pp 105-6, 1982).

In response, Britain broke off diplomatic relations with Argentina, imposed an arms embargo and introduced financial and trade restrictions.

Diplomatic efforts to find a peaceful solution continued until May 1982, but foundered on Argentina's refusal to withdraw its forces as requested by the United Nations Security Council (see pp 109-10, 1982) and on the Argentine insistence that any solution had to provide for the transfer of sovereignty to Argentina. Britain therefore repossessed the Islands by military means, the Argentine forces surrendering on 14 June 1982 (see p 239, 1982).

Since the conflict Britain, while refusing to discuss sovereignty, has sought to normalise its relations with Argentina. In 1983 the British Government initiated a series of messages through the Protecting Powers suggesting specific ideas for the restoration of bilateral relations. Talks then took place in Berne in 1984 under a mutually agreed arrangement that, if Argentina raised the question of sovereignty, Britain would refuse to discuss it and the talks would then move on to practical issues of concern to both sides (see pp 293-4, 1984). No progress was made, however, because of Argentine insistence on linking discussion of these issues with a mechanism to address the problem of sovereignty[1].

The New York meeting has been the first significant contact between Britain and Argentina since the Berne talks and it follows the recent change of Government in Argentina when President Carlos Menem took office in July. President Menem then lifted Argentine restrictions on imports of goods from Britain, a decision welcomed by the British Government as helpful. Both Governments thereupon decided to hold talks in New York, the Argentines no longer insisting on linkage with sovereignty.

[1]For further information see COI reference paper *The Falkland Islands and South Georgia and the South Sandwich Islands*, No 152/88.

Balance of Payments 1988

The deficit on Britain's visible trade increased sharply in 1988 while the surplus on invisible transactions declined. As a result, the deficit on the current account rose from £3,700 million in 1987 to £14,600 million in 1988. Outward portfolio investment also increased substantially.

Revised figures for Britain's balance of payments for the last 11 years are contained in the latest Balance of Payments 'Pink Book', published on 23 August.[1] Transactions are classified into two main groups: current account transactions, covering exports and imports of goods and services, investment income and most transfers; and transactions in British external assets and liabilities, covering inward and outward investment, transactions by banks in Britain, borrowing and lending overseas by other British residents, changes in the official reserves, and other capital transactions. This article briefly describes the major changes in the balance of payments in 1988.

Current Account

The deficit on the current account in 1988 was £14,617 million compared with £3,671 million in 1987 (see Table 1). The deficit on visible trade of £20,826 million more than offset the surplus on invisible trade of £6,209 million. Between 1987 and 1988 visible exports rose in value by 8 per cent and visible imports by 12 per cent (see Table 2).

1 *United Kingdom Balance of Payments 1989 Edition.* Central Statistical Office. HMSO, £9·95. ISBN 0 11 620393 5.

Visible Trade

Following the pattern of recent years, visible trade was characterised by a substantial oil surplus and deficits for most other categories (see Table 3). The widening of the overall deficit from £10,929 million in 1987 to £20,826 million in 1988 was chiefly the result of a marked increase in the deficit on semi-manufactures and finished manufactures. In 1988 oil accounted for 7 per cent of exports and for 3 per cent of imports; in 1978 the shares had been 6 per cent and 12 per cent respectively. In 1988 semi-manufactures and finished manufactures made up 80 per cent of exports and 78 per cent of imports; in 1978 the figures had been accounted for 79 per cent and 62 per cent respectively.

Britain usually has a deficit on trade with the rest of the European Community and with other Western European countries, a surplus with North America, a deficit with other developed countries and a surplus with the oil-exporting countries (see Table 4). In 1988 the European Community accounted for a little over half of Britain's exports and imports. Other Western European countries took 9 per cent of Britain's exports and supplied 13 per cent of Britain's imports while North America accounted for 16 per cent of exports and 12 per cent of imports. Other developed countries accounted for between 5 and 10 per cent of both exports and imports. The oil-exporting countries took 6 per cent of Britain's exports but supplied only 2 per cent of Britain's imports. As a proportion of Britain's trade, the European Community had, since 1978, become relatively more important for both exports and imports; North America had become more important for exports

Table 1

Summary of Balance of Payments *£ million*

	1978	1983	1986	1987	1988
Visible trade balance	−1,593	−1,509	−9,364	−10,929	−20,826
Invisible trade balance	2,529	5,267	9,430	7,258	6,209
of which *Services*	3,514	3,995	6,247	5,682	4,165
Interest, profits and dividends	806	2,857	5,364	4,987	5,619
Transfers	−1,791	−1,585	−2,181	−3,411	−3,575
Current balance	936	3,758	66	−3,671	−14,617
Transactions in assets and liabilities					
British external assets	−4,377	−30,173	−92,462	−83,922	−50,073
British external liabilities	1,506	25,809	81,369	76,255	52,408
Balancing item*	1,935	608	11,025	11,338	12,283

*Reflects distortions and omissions, and is included to make total entries sum to zero.
Note: Differences between totals and the sums of their component parts are due to rounding.

Table 2

Current Account

£ million

	1978	1983	1986	1987	1988
Exports (free on board)	34,981	60,698	72,656	79,421	80,602
Imports (free on board)	36,574	62,207	82,020	90,350	101,428
Visible trade balance	−1,593	−1,509	−9,364	−10,929	−20,826
Invisible trade balance	2,529	5,267	9,430	7,258	6,209
Services					
General government	−732	−1,052	−1,400	−1,600	−1,833
Private sector and public corporations					
Sea transport	−14	−778	−471	−594	−576
Civil aviation	280	320	−414	−619	−862
Travel	958	−87	−530	−1,020	−2,042
Financial services	1,578	2,735	5,314	5,472	4,566
Other services	1,444	2,857	3,748	4,043	4,912
Interest, profits and dividends					
General government	42	−425	−902	−1,091	−837
Private sector and public corporations	764	3,282	6,266	6,078	6,456
Transfers					
General government	−1,664	−1,930	−2,233	−3,288	−3,269
Private sector	−127	345	52	−123	−306
Current balance	936	3,758	66	−3,671	−14,617

Table 3

Overseas Trade by Commodity

Balance of payments basis

£ million

	1978	1983	1986	1987	1988
Exports					
Food, beverages and tobacco	2,869	4,230	5,450	5,537	5,489
Basic materials	1,066	1,653	2,112	2,251	2,134
Oil	2,224	12,486	8,189	8,444	6,018
Other mineral fuels and lubricants	140	602	464	303	242
Semi-manufactured goods	10,696	15,864	20,820	22,437	24,091
Finished manufactured goods	17,026	24,283	33,617	38,214	40,640
Others	960	1,580	2,004	2,235	1,988
Total	34,981	60,698	72,656	79,421	80,602
Imports					
Food, beverages and tobacco	5,581	7,250	9,397	9,520	9,926
Basic materials	3,294	4,248	4,612	5,203	5,452
Oil	4,213	5,514	4,120	4,261	3,231
Other mineral fuels and lubricants	291	1,274	1,869	1,559	1,476
Semi-manufactured goods	9,534	15,994	21,723	24,298	27,915
Finished manufactured goods	13,134	26,869	38,765	44,182	51,646
Others	527	1,058	1,534	1,327	1,782
Total	36,574	62,207	82,020	90,350	101,428
Balances					
Food, beverages and tobacco	−2,712	−3,020	−3,947	−3,983	−4,437
Basic materials	−2,228	−2,595	−2,500	−2,952	−3,318
Oil	−1,989	6,972	4,069	4,183	2,787
Other mineral fuels and lubricants	−151	−672	−1,405	−1,256	−1,234
Semi-manufactured goods	1,162	−130	−903	−1,861	−3,824
Finished manufactured goods	3,892	−2,586	−5,148	−5,968	−11,006
Others	433	522	470	908	206
Visible trade balance	−1,593	−1,509	−9,364	−10,929	−20,826

Table 4

Overseas Trade by Area

Balance of payments basis *£ million*

	1978	1983	1986	1987	1988
Exports					
European Community	14,058	27,956	34,738	39,016	40,817
Other Western Europe	3,633	6,021	7,154	7,788	7,441
North America	4,208	9,526	12,116	12,992	12,624
Other developed countries	2,298	3,153	3,643	4,086	4,514
Oil-exporting countries	4,668	6,133	5,497	5,280	4,924
Rest of the world	6,116	7,909	9,508	10,259	10,282
Total	34,981	60,698	72,656	79,421	80,602
Imports					
European Community	16,545	30,631	43,499	48,437	54,270
Other Western Europe	4,524	8,430	11,404	12,443	13,421
North America	4,949	8,521	9,491	10,224	12,221
Other developed countries	2,712	4,587	6,438	6,950	8,016
Oil-exporting countries	3,029	2,604	1,869	1,620	1,836
Rest of the world	4,815	7,434	9,319	10,676	11,664
Total	36,574	62,207	82,020	90,350	101,428
Balances					
European Community	−2,487	−2,675	−8,761	−9,421	−13,453
Other Western Europe	−891	−2,409	−4,250	−4,655	−5,980
North America	−741	1,005	2,625	2,768	403
Other developed countries	−414	−1,434	−2,795	−2,864	−3,502
Oil-exporting countries	1,639	3,529	3,628	3,660	3,088
Rest of the world	1,301	475	189	−417	−1,382
Visible trade balances	−1,593	−1,509	−9,364	−10,929	−20,826

Table 5

Summary of Transactions in External Assets* and Liabilities† *£ million*

	1978	1983	1986	1987	1988
Overseas direct investment in Britain	1,962	3,386	4,846	8,108	7,346
Overseas portfolio investment in Britain	−139	1,888	8,135	10,440	4,639
British direct investment overseas	−3,520	−5,417	−11,304	−18,615	−15,219
British portfolio investment overseas	−1,073	−7,194	−23,068	2,702	−9,718
Borrowing from overseas	388	21,120	68,210	56,136	39,522
Deposits and lending overseas	−1,932	−17,692	−54,689	−55,200	−21,484
Official reserves*	2,329	607	−2,891	−12,012	−2,761
Other external liabilities of general government	−705	−584	178	1,570	902
Other external assets of central government	−181	−478	−509	−796	−891
Total	−2,871	−4,366	−11,091	−7,667	2,334

* Increase −/ decrease +.
† Increase +/ decrease −.
Note: Differences between totals and the sums of their component parts are due to rounding.

but less important for imports; and the oil-exporting countries had declined in importance for both exports and imports.

Invisible Trade

Credits on invisible trade in 1988 amounted to £87,233 million and debits to £81,024 million, giving a surplus of £6,209 million (see Table 2). The surplus in 1987 had been £7,258 million. There was a surplus of £4,165 million on services (compared with one of £5,682 million in the previous year); the 1988 figure includes an adjustment of £500 million to allow for a likely understatement of the contribution of net exports of goods and services to gross domestic product. Interest, profits and dividends had a surplus of £5,619 million (£4,987 million in 1987) and transfers a deficit of £3,575 million (£3,411 million in 1987).

The services account consisted of the usual deficit of general government (£1,833 million, a little higher than a year earlier) and surplus of the private sector and public corporations (£5,998 million compared with £7,282 million in 1987), which, however, was wholly attributable to financial and other ser-

vices. The deficit on sea transport was, at £576 million, slightly lower than a year previously but that on civil aviation, at £862 million, was considerably higher than in 1987, following a marked increase in the revenue of overseas airlines from British passengers. The deficit on travel doubled, to £2,042 million, following a sharp rise in net outgoings for leisure travel. The surplus on financial services (for which only credits are recorded) was, at £4,566 million, 17 per cent lower than a year earlier, with a fall of over one-third in the earnings of insurance underwriters. At £4,912 million, the surplus on other services (including, for example, earnings from consultancy and royalties) was about £900 million higher than a year earlier. The increase was largely attributable to the inclusion of the £500 million adjustment and a fall in outgoings to North Sea oil and gas companies.

On interest, profits and dividends, the customary surplus of the private sector easily outweighed the deficit incurred by general government and public corporations to give an overall surplus of £5,619 million, which was some £630 million higher than in 1987. The rise was more than accounted for by the increase of nearly £1,700 million in earnings from British direct investment overseas.

Earnings of British financial institutions ('the City') are included in both financial services and interest, profits and dividends. Net earnings fell from £8,698 million in 1987 to £7,350 million in 1988. The decline was largely explained by the fall in the earnings of insurance underwriters already mentioned. This was concentrated in Lloyd's, where such earnings fell by more than half, to £679 million.

The deficit on transfers rose slightly, from £3,411 million in 1987 to £3,575 million in 1988. Although Britain's deficit with European Community institutions fell, there were increased outgoings attributable to multilateral economic assistance, bilateral aid and private transfers.

Transactions in External Assets and Liabilities

With regard to direct and portfolio investment, only in the case of outward portfolio investment was the 1988 flow higher than the 1987 one (see Table 5). For banks, outflows and inflows both declined sharply between 1987 and 1988; the net inflow in 1988 amounted to £14,600 million compared with £2,500 million a year earlier. There was net borrowing from overseas of £3,400 million by British institutions other than banks and general government in 1988 compared with net lending of £1,600 million in 1987. The official reserves rose by £2,800 million in 1988 compared with £12,000 million a year earlier.

At the end of 1988 Britain had external assets of £771,000 million and external liabilities of £677,000 million, giving a surplus of assets over liabilities of £94,000 million. Direct investment holdings overseas amounted to £101,500 million and portfolio investment holdings to £147,500 million compared with £90,400 million and £121,800 million respectively a year earlier. Overseas residents' holdings in Britain of direct investments were valued at £66,200 million and of portfolio investments £58,000 million compared with £56,100 million and £51,800 million respectively a year previously.

Stock of Businesses

The number of businesses registered for value added tax in Britain rose by 64,000 in 1988, an average of over 1,200 each week. This is the largest net yearly increase since 1979 and suggests the continuing strength of the small firms sector.

Registrations and deregistrations for value added tax (VAT)[1] are analysed in an article in the 25 August issue of *British Business*. Revised national figures for 1987 are included, as well as new figures for 1988. Preliminary estimates for regional and sectoral changes in 1988 are provided.

Some 90 per cent of businesses in Britain have an annual turnover of less than £500,000, which means that most are small firms. All firms with an annual turnover in excess of £23,600 must register for VAT, although those with a lower turnover may register if they wish. Therefore, net registrations for VAT are seen as a good measure of growth in the small firms sector.

Changes in VAT Registration and Deregistration

The net incease in businesses registered for VAT during 1988 of 64,000 (see table) represents a substantial increase over the figures of 42,000 and 27,000 in 1987 and 1986 respectively. While the number of registrations has remained constant or risen in each year since 1985, the number of deregistrations has remained almost unchanged over the same period.

Sectoral and Regional Changes

By industrial sector, the highest rate of net increase in 1988 – some 10 per cent – was in the category 'other services', which includes many activities such as contract cleaning, hairdressing and entertainment services. The number of businesses providing finance, property and professional services increased by 9 per cent and the number engaged in the construction trades increased by 8 per cent. The only sector to experience a drop in its stock of businesses in 1988 was agriculture, which recorded a drop of 4 per cent. Catering firms increased only slightly in number. All other sectors showed an acceleration in growth in 1988. The increased number of retailing businesses represents the first such rise since 1981.

All regions of Britain experienced some growth in the net number of businesses registered for VAT in 1988, ranging from 10 per cent for the North West to 31 per cent for the South East.

[1] Registrations and deregistrations for VAT are not synonymous with the births and deaths of businesses. A firm may delay its registration until some time after it is formed, or until its turnover reaches the VAT threshold. Deregistration may occur for many reasons other than closure, and it appears that may firms' lifespans are much longer than implied by their period of registration.

Turnover Size

Information gathered between March and May 1988 and published in the 1 September issue of *British Business* gives the distribution of businesses registered for VAT by sector and annual turnover. Of some 1·4 million businesses surveyed, those with the smallest annual turnover – less than £50,000 – ranged from between broadly one-fifth of the total businesses (wholesaling and dealing) to about half (business services and all other services). In general, there were progressively fewer businesses in each sector in the higher turnover bands. The highest turnover band of £10 million or more had a share of no more than 2 per cent of the stock of businesses in any category, except in the sub-sectors of mining, quarrying and public utilities, and 'other transport', where 8 per cent of businesses were in the highest turnover band.

Registrations, Deregistrations and Stock of Businesses in Britain: 1980-88 *(thousands)*

	Stock at start of year	Regis-trations	Dereg-istrations	Net change	Stock at end of year
1980	1,289	158	142	16	1,305
1981	1,305	152	120	32	1,337
1982	1,337	166	145	21	1,357
1983	1,357	180	145	35	1,392
1984	1,392	182	152	30	1,422
1985	1,422	182	163	19	1,441
1986	1,441	191	164	27	1,468
1987	1,468	209	167	42	1,510
1988	1,510	230	166	64	1,574
1980-88		1,650	1,365	285	

Notes: Registrations and deregistrations given for 1987 are revisions.

The pattern of registrations and deregistrations may have been affected by disturbances in the regular processing of register amendments because of industrial action between 1979 and 1981.

Source: *British Business* 25 August 1989.

Fair Trading

The Office of Fair Trading Annual Report for 1988 includes a discussion by the Director General of Fair Trading on the effects on competition and competition policy of a more open British economy and of the more international approach to all kinds of business transaction which is expected to follow the completion of the single European market by 1992.

Competition

In his introduction to the Office of Fair Trading (OFT) Annual Report for 1988,[1] the Director General of Fair Trading, Sir Gordon Borrie, suggests that, through a process begun in the 1960s, the British economy is already substantially open to international competition, particularly in the manufacturing sector where import penetration exceeds 50 per cent in 17 per cent of total production. Foreign firms which operate within Britain enhance competition by bringing new methods and techniques with them, which widen consumer choice. Sir Gordon stresses that such a process of opening-up is beneficial in that it makes monopolies harder to build up, cartels harder to establish and anti-competitive conduct harder to sustain. Because of increased international competition, many British industries have become notably more efficient and widened the choice and quality of goods available to consumers at keener prices.

Sir Gordon emphasises that his Office's approach to the administration of competition policy is already informed by an international perspective. In cases where proposed mergers would result in a large part of national production being concentrated in one company, monopoly references may not need to be made to the Monopolies and Mergers Commission (MMC) because the strength of international competion is such that monopoly abuse is unlikely. By contrast, those markets which remain liable to cartelisation on an international scale will be of particular concern. The OFT will continue to monitor markets which are wholly or partially segregated on a local, regional or national basis. Sir Gordon concludes that restrictions on external trade and on internal competition are often found together, and that both are best avoided.

Consumer Affairs

The report is otherwise concerned with the work of the OFT and the MMC during 1988. The responsibilities of the Consumer Affairs Division of the OFT, set out in the Fair Trading Act 1973 (see pp 41-2, 1973), include reviewing and reporting on trade practices, publishing information for consumers, encouraging codes of practice and acting against traders who persistently break the law. The Division also has duties under the Consumer Credit Act 1974 (see pp 176-7, 1974), to license credit dealers, and under the Estate Agents Act 1979 (see p 120, 1979). New responsibilites were added under the Control of Misleading Advertisements Regulations 1988, which cover most forms of printed and cinema advertising, but not those on television, radio or cable services and those advertising investments or investment business, which are all monitored by other bodies. The OFT also published a report in 1988 on the Association of British Travel Agents' codes of conduct, making recommendations

[1] *Annual Report of the Director General of Fair Trading 1988.* HMSO, £9·30. ISBN 0 10 244089 1.

designed to bring about desirable improvements. A working party on standards for the trade in the sale of used cars was set up in 1988 under the chairmanship of the OFT. During 1988 the Office continued or completed investigations into the provision of funeral services, motor insurance, furniture, footwear, banking services, holiday caravans, mail order protection schemes and sales by telephone.

Assurances, court undertakings and orders were obtained from or against 655 traders whose conduct fell short of the legal standard defined in the Fair Trading Act 1973. Consumer complaints about goods and services rose by about 4 per cent in the year ended 30 September 1988, to about 654,000. As in previous years, most complaints were about home maintenance and repairs, domestic fittings and appliances, food and drink, clothing and motor vehicle sales and maintenance. Licences to offer consumer credit were issued to nearly 22,200 applicants in 1988, an increase of 11 per cent since 1987.

Anti-Competitive Practices

There were 804 complaints and inquiries in 1988 about anti-competitive practices in a wide range of industries and services. The Director General made four monopoly references to the MMC. The Secretary of State for Trade and Industry was advised on 267 mergers, merger proposals and shareholdings during 1988; a further 39 requests were received for confidential guidance; and 150 cases were either abandoned before the Director General had made a recommendation or were found, on examination, not to qualify for investigation. Merger references to the MMC numbered 11 during 1988, including the shareholding in British Petroleum of the Kuwait Investment Office (see pp 347-8, 1988). Over the year, 973 restrictive trade agreements were added to the OFT's Register, nearly 40 per cent more than were added in 1987. Applications to register such agreements rose by the same extent, and numbered 1,876.

Restrictive Trade Practices

A White Paper on restrictive trade practices outlines proposals that would create new powers designed to prevent firms entering into anti-competitive agreements such as price fixing and market sharing. At the same time, the White Paper recognises that some types of trade agreement, even though they may restrict competition, are beneficial to the economy and to consumers, and so may be permitted to operate.

The White Paper[1] was published on 18 July; this followed a Green Paper on the same subject issued in 1988 (see pp 146-7, 1988). On the day of the White Paper's publication, the then Secretary of State for Trade and Industry, Lord Young, told the House of Lords *(Hansard (HL)*, Vol 510, No 122, written answers, cols 767-770) that the Government strongly believed open markets were the best guarantee of efficiency in the economy and that the maintenance and enhancement of competition was important. Agreements which would prevent, restrict or distort competition would be prohibited by the proposed legislation. Lord Young said that there had been strong support from a majority of those responding to the Green Paper for the view that the Restrictive Trade Practices Act 1976 (see p 380, 1976) was too formalistic and had done little to deter the formation of illegal cartels. The legislation now being proposed would focus on the economic effects of trade agreements rather than the form which they took. It would also ensure that a substantial number of agreements which were caught by the present law but had no anti-competitive impact would no longer need to be scrutinised.

[1] *Opening Markets: New Policy on Restrictive Trade Practices.* Cm 727. Department of Trade and Industry. HMSO, £6·20. ISBN 0 10 107272 4.

The Present Law

Under the Restrictive Trade Practices Act 1976 information on certain types of commercial or economic agreements which restrict the freedom to act of those making the agreement must be given to the Director General of Fair Trading and entered on a register open to public inspection. It is unlawful to make a registrable agreement and operate it without registration. It is the Director General's duty to take registered agreements to the Restrictive Practices Court which has to assume that the restrictions are against the public interest and to condemn them unless they can be justified by reference to certain criteria. If the Director General decides that an agreement is not so important as to require reference to the Restrictive Practices Court, he may ask the Secretary of State for Trade and Industry to relieve him of the duty to do so.

THE WHITE PAPER

Prohibition of Agreements

The White Paper notes that at one level even a simple contract between two companies could be held to restrict competition because it denies a particular sale to other competing suppliers. However, laws to combat restrictive trade practices should only control arrangements between independent firms which go beyond this. Therefore, the prohibition in the legislation should be drawn widely but also should be able to be flexibly targeted on genuinely anti-competitive agreements. Those agreements which could be demonstrated to have economic benefits offsetting their anti-competitive effects should be eligible for exemption. The Government also believes that British legislation should contain a prohibition closely aligned to Article 85(1) of the European Community Treaty, which is designed to disallow anti-competitive trade agreements within the Community, in order to ensure that the two systems are complementary.

The Government has decided that certain types of agreement which are almost always anti-competitive should be included in a list in the legislation, without prejudice to the generality of the prohibition. It has also been decided that the drawing up of a new legislation creates an opportunity to combine the Restrictive Trade Practices Act 1976 with the Resale Prices Act 1976 (see p 10, 1977) – which

imposes a general ban on the maintenance of minimum resale prices by manufacturers and suppliers – in order to ensure that powers of enforcement and penalties for infringement are available in both cases. Consequently, the Government has concluded that the law should state that the prohibition would apply to all agreements and concerted practices which, intentionally or not:

1 fixed prices and charges (including any terms or conditions) – for example, resale prices, discounts and credit terms – such that an effective net price was determined;

2 might be expected to lead to the fixing of prices, such as through price information exchange agreements and recommendations on fees;

3 involved collusive tendering;

4 shared or allocated markets, customers, raw materials or other imputs, production or capacity;

5 involved collective refusals to supply or to deal with suppliers, collective discrimination in the terms on which different customers or classes of customers were supplied and collective anti-competitive conditions of supply such as tie-ins, aggregated or loyalty rebates and 'no competition' clauses.

Applications and Exemptions

The Government considers that the prohibition should probably apply not only to agreements made in Britain but also to those implemented within Britain, since it is recognised that an anti-competitive agreement made in one country might have an effect in another. Although the relevant market affected by an agreement should be readily identifiable, economic analysis would be carried out in some cases and account would be taken of normal patterns of supply, the availability of substitutes and barriers to entry. A threshold provision might operate whereby the law would apply only to agreements in which the businesses party to them had a collective annual turnover of less than £5 million. This provision would not apply to price-fixing agreements and would not provide immunity from private action. The Government expects that, in the light of experience, guidance issued by the Director General of Fair Trading would indicate a level of market power which would normally be present before an agreement could reasonably be expected to affect competition in the relevant market. Both individual and block exemptions – whereby classes of agreement which might otherwise be entitled to individual exemption would be provided for by a single instrument – would normally be limited in duration so as to allow periodic review.

Restrictive Trade Practices Tribunal

The Government feels that, given the previous experience of the Office of Fair Trading (OFT) in the field of restrictive trade practices, the Director General of Fair Trading should undertake the main analysis of cases arising under the new legislation and publish conclusions on them. A separate body would be set up, to be called the Restrictive Trade Practices Tribunal, with a membership drawn from the Monopolies and Mergers Commission (MMC). The Director General of Fair Trading would be able to seek the tribunal's views on published guidance and on block exemption recommendations but consultation on individual cases would not be permitted.

Public Register

The new legislation would not require the registration of restrictive agreements, as is presently the case, whether they affect the British market or only exports. The Government considers also that no purpose would be served by maintaining a public register of agreements granted individual exemption since many other agreements would be exempt by virtue of block exemptions, details of which would not normally be furnished to the Director General of Fair Trading.

Enforcement and Penalties

To achieve its objectives, legislation would have to ensure that illegal agreements could be detected and the parties punished with a severity appropriate to the offence and exemplary to the extent of deterring others. The Government has decided to incorporate powers for enforcement and penalties in the legislation. The Director General of Fair Trading would be able to investigate on reasonable suspicion of a breach of the prohibition. The new law would allow substantial civil penalties of up to 10 per cent of the total British turnover of a business, or £250,000 if this were higher. Subject to future review, a ceiling of £1 million for penalties would be set in the legislation. Directors and managers of businesses party to the negotiation or implementation of a prohibited agreement would also be liable for penalties of up to £100,000. Parties to threshold agreements would not be subject to penalties unless there had been a finding against the agreement concerned. The Restrictive Trade Practices Tribunal, rather than the Director General of Fair Trading, would be the arbiter on penalties. The Government is considering including in the legislation a list of factors which might, taken into account when penalties were being decided, operate in favour of offending parties. These factors could include the seriousness of the offence, its duration, how openly or secretly the practice had been conducted and whether co-operation had been offered during investigation.

Transitional Arrangements

The White Paper concludes that transitional arrangements would be necessary to give business time to adjust to the new requirements once legislation was passed. The Director General of Fair Trading would be asked to issue guidance on the nature and application of the legislation and the prohibition of agreements in particular, and it would not be introduced until the Director General had done so. After commencement of the prohibition, there would be a further period of one year during which agreements which had been made before introduction of the new legislation into Parliament would remain fully enforceable and the parties to them would not be liable to penalties or third party action. The Director General would be empowered to extend the benefit of the transitional arrangements on a case-by-case basis for six months at a time up to a maximum of a further two years.

Regional Trends

The 1989 edition of *Regional Trends*,[1] which brings together data for the regions of Britain on a wide range of social, demographic and economic topics, was published in July.

Population

Between 1981 and 1987 East Anglia was the fastest growing region in Britain, with an average annual growth in population of 1 per cent. The second fastest growing region was the South West (0·8 per cent a year). However, during the same period populations fell in the northern areas: by 0·2 per cent a year in Scotland, the North and the North West, and by 0·1 per cent in Yorkshire and Humberside. There was some variation in the population change within regions: for example, while there was an increase of 0·3 per cent a year in the population of the South East, that of Greater London fell by 0·1 per cent a year between 1981 and 1987. In 1987, 21 per cent of the population of the South West was of state pension age (65 for men, 60 for women) or over, a higher proportion than in any other region.

Between 1985 and 1987 over half of the ethnic minority population in private households in Great Britain lived in the South East; over three-quarters of these lived in Greater London. The South East and West Midlands had the highest proportions of the population from ethnic minority groups (7·7 per cent), while Scotland had the lowest (0·8 per cent).

Urban Statistics

The total population of urban districts in Great Britain fell slightly over the period 1982-1987 to just over 25 million, but the population aged 75 or over increased by over 10 per cent. Nearly half of the English population live in urban districts, compared with only 17 per cent of the Welsh population. Just over a quarter of the urban population live in Greater London.

Housing

The housing stock in Britain rose to 22·8 million between 1981 and 1987, an increase of 5 per cent. The highest regional increases were in East Anglia and Northern Ireland (9 per cent) and the lowest in the North and North West (3 per cent).

The proportion of dwellings which were owner-occupied increased in all regions during this period, with the largest rises of 8 percentage points occurring in the North, East Midlands, East Anglia and Northern Ireland. In 1987 the proportion of owner-occupied dwellings was highest in the South West (71 per cent) and lowest in Scotland (43 per cent). House prices increased by more than 100 per cent between 1981 and 1987 in the South East, compared with an 80 per cent rise in Britain as a whole. The lowest increases were in Northern Ireland (41 per cent) and the North West (46 per cent).

During 1986-87, 52 per cent of new local authority lettings in Greater London were allocated to homeless people, compared with an average of 24 per cent of new lettings in England as a whole.

1 *Regional Trends 24*. Central Statistical Office. HMSO, £19·50. ISBN 0 11 620348 X.

Transport and the Environment

Almost two-thirds of households in Great Britain had the regular use of one or more cars or light vans in 1987; the proportion ranged from about three-quarters of households in the South West to just over half of all households in the North and Scotland.

The number of road accidents involving fatal or serious casualties fell throughout Great Britain, with the exception of Greater London, between 1981 and 1986, the rate for Great Britain falling from 157 to 134 per 100,000 population.

In 1987-88 the Northern Ireland Water Authority spent most per head on operating costs for pollution control, while the Wessex Water Authority spent the most on capital expenditure per head.

Health

The rates of still births and perinatal mortality (deaths of infants under one week) more than halved in all regions of Britain between 1971 and 1987, and the infant mortality rate (deaths of infants under one year) also fell by about a half during this period, from 17·9 deaths per 1,000 live births in 1971 to 9·1 in 1987. In 1987 East Anglia had the lowest infant death rate (7·8 deaths per 1,000 live births), while Yorkshire and Humberside had the highest (9·9).

Deaths from cervical cancer fell in England between 1981 and 1987, from 78 per million women to 73, and there has been an increase in cervical screening (from 18 per cent of the female population aged 20-74 in 1981 to 25 per cent in 1987-88 in England).

People in East Anglia were least likely to have reported having a long-standing illness in 1987, while those in Wales were most likely to have done so.

The average number of patients on general practitioners' lists was highest in the South West Thames Regional Health Authority (2,103 compared with an average figure for Britain of 1,965) and lowest in Scotland (1,630).

Law Enforcement

The rate of notifiable offences recorded by police in England and Wales rose in all regions between 1981 and 1987, with the highest increase in the North (46 per cent) and the lowest in the East Midlands and East Anglia (19 per cent). East Anglia had the lowest rate of recorded crime in 1987 in England and Wales, while the North and North West had the highest.

The number of people found guilty of, or cautioned for, drug offences rose throughout Britain between 1981 and 1987. In Scotland the rate tripled, from 17 per 100,000 population in 1981 to 51 in 1987. The South East had the highest rate in 1987 (74) and Northern Ireland the lowest (14).

Prosecutions for motoring and motor vehicle offences fell between 1981 and 1987 in most parts of Britain. In 1987 Scotland had the largest proportion of prosecutions for driving after consuming alcohol or drugs (12 per cent) and Northern Ireland the highest proportion of speeding offences (25 per cent, compared with an average for Britain of 13 per cent).

Education

The pupil-teacher ratio for all schools in 1988 ranged from 16·2 in Scotland to 18·4 in Northern Ireland,

with 17·2 as the average figure for Britain. In all regions public sector secondary schools had lower pupil-teacher ratios than the primary schools.

Children under five in the North and Wales were most likely to be in education in maintained schools in 1987, while those in the South East, South West and East Anglia were most likely to be in day-care.

Over 60 per cent of 16-year-olds in England and Wales stayed on at school or went on to further education in 1986-87. The proportion was lowest in the North (55 per cent) and highest in the South East and South West (65 per cent).

Employment

The civilian labour force increased in Great Britain between 1981 and 1987 to 27·2 million, with the largest increases in the South West (11·5 per cent) and in East Anglia (10·9 per cent). The number of self-employed rose in most of Britain between 1981 and 1988; the highest increases were in East Anglia (55 per cent) and the South East (51 per cent). In 1988, 10·6 per cent of the civilian workforce in Britain was self-employed, ranging from 14·2 per cent in the South West to 7·8 per cent in the North.

Unemployment has fallen since its peak in 1986; the average annual unemployment rate in 1988 was lowest in East Anglia (4·8 per cent) and the South East (5·2 per cent), and highest in Northern Ireland (16·4 per cent) and the North (11·9 per cent), compared with 8 per cent for Britain as a whole.

Personal Income and Expenditure

The average weekly household income in Britain was £245 in the two years 1986 and 1987, with variations from £303 in the South East to £198 in the North. In April 1988 male average earnings were highest in the South East (£283 a week) and lowest in Northern Ireland (£215 a week) and Wales (£218 a week). Women's earnings were lower than men's in all regions, and ranged from £188 a week in the South East to £145 a week in the East Midlands.

Average household spending for the two years 1986 and 1987 was highest in the South East (£219 a week) and lowest in the North (£150). The South East was the only region to spend more on housing than on food, while Scotland spent the largest proportion (9·1 per cent) on alcohol and tobacco.

In the two years 1986 and 1987 households in the West Midlands ate the most meat and meat products per person, while those in the South West ate the most cheese. Households in the South East were more likely than those in other regions to have a dishwasher, telephone or video in the two years 1985 and 1986, but were less likely to have a washing machine.

Gross Domestic Product

There are wide variations between the regions in Gross Domestic Product (GDP) per head of population. In 1987 the South East had the highest (£7,182 per head) and Northern Ireland the lowest (£4,690), compared with an average for Britain of £6,059. The South East spent the most on investment in manufacturing, transport, communications and dwellings in 1986, Scotland the most on agriculture, forestry and fishing, and the North West the most on energy and water supply.

Consumers' expenditure rose by 54 per cent between 1981 and 1986, to £237,000 million. In 1986 it was highest per head in the South East (£4,977) and lowest in Yorkshire and Humberside (£3,601), compared with an average for Britain of £4,170.

Industry and Agriculture

Financial and business services have been the fastest growing industry in Britain in recent years, with Wales achieving the highest growth – 68 per cent – between 1984 and 1987. The regions most dependent on manufacturing are the North West, East Midlands and West Midlands; they derive over 30 per cent of GDP from these industries, compared with only 19 per cent in the South East and Northern Ireland. Gross value added per employee in 1986 in manufacturing was highest in Wales (£18,409), followed by the South East (£18,158); this contrasts with 1981, when the South East had the highest figure while Wales was below the average for Britain.

Agriculture is most important in the economies of East Anglia and Northern Ireland, accounting for over 4 per cent of GDP in 1987, compared with 1 per cent in the South East and North West.

Shorter Notes

CREDIT CARDS

Following a report in 1980 (see p 304, 1980) and a further reference by the Director General of Fair Trading in May 1987, the Monopolies and Mergers Commission published a report on the supply of credit card services on 22 August. The report makes two principal recommendations, applicable to both the Visa and Access organisations. It proposes that the 'No Discrimination' rule, under which traders are required to charge the same price for purchases made with credit cards as for those paid for by cash or other means, should not apply in Britain. It also proposes the abolition in Britain of rules which restrict the freedom of issuers of Visa and Access cards to act as merchant acquirers.

The merchant acquirer is the bank or other financial institution which has an agreement with individual traders to reimburse them for payment by credit cards. At present an institution seeking to become a merchant acquirer must first have its plans for the issue of cards approved by the international organisation, Visa or Access, concerned; it must then meet a requirement for the actual number of cards it has issued. The Commission considers that the rules slow the growth of merchant acquisition, where the lack of competition has been one of the main defects of the British credit card market.

The Secretary of State for Trade and Industry has accepted the Commission's recommendation on merchant acquirers. He has not yet reached a decision on the 'No Discrimination' rule; the views of all interested parties, including the general public, have been invited.

Source: *Credit Card Services: A Report on the Supply of Credit Card Services in the United Kingdom.* Monopolies and Mergers Commission. Cm 718. HMSO, £14·20. ISBN 0 10 107182 5.

SCOTTISH ENTERPRISE

Decisions on the proposals contained in the White Paper on training and enterprise in Scotland (see p 433, 1988) were announced by the Secretary of State for Scotland, Mr Malcolm Rifkind, in the House of Commons on 26 July. He said that there had been overwhelming agreement for the principle of creating two new bodies, in which the functions of the Scottish Development Agency (SDA) and the Highlands and Islands Development Board (HIDB) would be integrated with those of the Training Agency in Scotland.

The new bodies could be called Scottish Enterprise and Highlands and Islands Enterprise respectively. They would have the full range of statutory powers currently possessed by the SDA and the HIDB, and Highlands and Islands Enterprise would take over the SDA's environmental role in the Highlands and Islands.

In the light of the comments received, the Government was now proposing to establish a network of 12 local agencies in the lowlands and eight in the Highlands and Islands, to be called enterprise companies. They would have a contractual relationship with Scottish Enterprise and Highlands and Islands Enterprise, and have economic as well as training functions from the start. They would operate within spending limits that would enable them to take responsibility for most projects, while responsibility for major projects above those limits would be retained by Scottish Enterprise and Highlands and Islands Enterprise.

The central bodies would have a strong strategic role and would set the policy framework and monitor the local companies, while securing the implementation of projects, particularly in industry and enterprise development, which applied across their areas. They would deal with major investments, inward investment attracted by Locate in Scotland,[1] marketing and the design and implementation of major programmes. They would ensure that the Government's national training policies and enterprise programmes were implemented, and provide central support services.

Mr Rifkind said that he would seek an early opportunity for legislation to bring Scottish Enterprise and Highlands and Islands Enterprise into being as soon as possible. Meanwhile he would be inviting the business community to form consortia to bid to become local enterprise companies in advance of legislation.

Sources: *Hansard,* Vol 157, No 151, cols 1032-5. Scottish Office press notices, 26.7.89.

[1]The inward investment arm of the SDA and the Industry Department for Scotland.

COAL-FIRED ELECTRICITY

The Government has announced that it will provide 50 per cent of the costs – up to a total of £8 million – towards a programme to develop cleaner coal-fired electricity, to be carried out at British Coal's experimental pressurised fluidised combustion test facility at Grimethorpe (South Yorkshire). This programme is a key part of a project, costing £27 million and led by British Coal, aimed at bringing its topping cycle technology to a level at which it can be demonstrated by the early 1990s. A Finnish company has offered £5 million towards funding the new project.

The fluidised bed gasification process has already been demonstrated successfully with financial support from the European Community. British Coal's experience in developing a pressurised fluidised bed boiler to burn coal residues results from the original £60 million Grimethorpe programme financed with the United States and the Federal Republic of Germany, with a contribution of £17 million from the Department of Energy, under the auspices of the International Energy Agency. A subsequent joint programme between British Coal and the Central Electricity Generating Board, costing £28 million, was completed in 1988.

Design studies carried out by the Department of Energy and industry have compared the topping cycle with other advanced coal-based power generation options. It involves partial gasification of coal to yield a fuel gas to fire an advanced heavy duty gas turbine; the coal residues are burned in a pressurised fluidised bed to raise steam for a steam turbine. This avoids the temperature limits imposed by the fluidised bed and enables full advantage to be taken of advances in gas turbine efficiency. The pressurised fluidised bed systems would, it is estimated, increase generation efficiency to some 40 per cent and the topping cycle variant to some 45 per cent. By comparison, conventional coal-fired generation using a pulverised coal-fired boiler and flue gas desulphurisation is not expected to achieve an efficiency greater than 37 per cent.

Commenting on the grant, the Secretary of State for Energy, Mr John Wakeham, said that it reflected the Government's wish to promote the development of technologies which could make a significant reduction in the emission of greenhouse gases (see pp 105 and 107). The topping cycle 'offers a 20 per cent reduction in carbon dioxide emissions per unit of electricity generated compared with coal-fired power stations in use today'.

Source: Department of Energy press notice, 24.8.89.

AIR TRAFFIC CONTROL

Agreement to start work on a central control unit for air traffic flow management in Europe was given on 4 July by the Permanent Commission of Eurocontrol. The plan involves the gradual integration in Europe of air traffic flow management (which ensures that traffic does not rise to levels that cannot be accommodated safely by air traffic control net-

works). The first stage will be in operation by spring 1990 and the control unit, costing some £40 million and to be based in Brussels, is expected to be fully operational in 1993.

The new unit will replace ten individual units operated by various Western European countries. An interim system was started in 1989, with five units – at Frankfurt, London, Madrid, Paris and Rome – taking a leading role, and later in 1989 the nucleus of the Central Flow Management Unit will be linked to these units.

The flow management initiative had been launched by the then Secretary of State for Transport, Mr Paul Channon, in September 1988 and endorsed by the 22 member states of the European Civil Aviation Conference and the Permanent Commission of Eurocontrol later in 1988. It completed the programme of measures started under Britain's presidency of Eurocontrol (see pp 279-80, 1988). Eurocontrol was founded in 1963 to strengthen co-operation among member states in air navigation and is based in Brussels. Britain is one of 11 member states, together with Belgium, the Federal Republic of Germany, France, Greece, the Irish Republic, Luxembourg, Malta, the Netherlands, Portugal and Turkey.

Source: Department of Transport press notice, 4.7.89.

PASSENGER SAFETY ON THE RIVER THAMES

A number of safety recommendations for vessels on the River Thames have been announced by the Secretary of State for Transport, Mr Cecil Parkinson, following the sinking of a pleasure launch, the *Marchioness*, after its collision with a large dredger, the *Bowbelle*, on 20 August with the loss of 51 lives.

In a statement on 21 August, Mr Parkinson said that, although it was too early to draw conclusions about the causes of the accident, two measures to improve passenger safety were to be taken immediately. First, the existing requirement for counting the number of passengers would be extended, so that passenger numbers for all charter vessels would be recorded before sailing, and a record of the number of passengers aboard would be left ashore. Secondly, passengers should be provided with information about the action to be taken in an emergency. He intended that this requirement would be made mandatory for charter vessels, but he expected that it would be applied immediately by operators on a voluntary basis. In addition, existing regulations would be rigorously enforced and the Port of London Authority would increase its river patrols.

Following receipt of the interim report of the Department's Marine Accidents Investigation Branch, Mr Parkinson announced further safety recommendations on 31 August, to be implemented as soon as practicable. They include:

1 a look-out in constant communication with the wheelhouse should be stationed at all times at the front of vessels of more than 40 m (131 ft) with rear wheelhouses, when navigating on the Thames;

2 such vessels should carry a light illuminating the bow at night;

3 those in charge of passenger launches should be reminded of the need to look frequently astern and keep continuous radio watch;

4 the Port of London Authority bye-law covering overtaking on the river should be reviewed, with the aim of it being strengthened;

5 these recommendations to be considered generally by other port authorities and applied where relevant; and

6 the possibility of setting standards for the construction of ships' bridges should be examined by the Department's Marine Directorate, with a view to international agreement.

Sources: Department of Transport press notices, 21.8.89 and 31.8.89.

ENVIRONMENTAL LABELLING

The Government is planning to promote the development of a scheme of environmental labelling of consumer products. Announcing the publication of a discussion document on the merits and criteria for such a scheme, Mrs Virginia Bottomley, Parliamentary Under-Secretary of State for the Environment, said that the Government favoured the introduction of a common system throughout the European Community. It hoped to reach agreement with the European Commission and other member states over the next few months on a practical system which would provide consumers with accurate information about the environmental acceptability of products, while encouraging businesses to produce goods 'with a more benign impact on the environment'.

The discussion document says that in recent years increasing numbers of consumers have demonstrated their concern to take environmental considerations into account when making purchases; one example is the growing use of unleaded petrol (see pp 281-2). Manufacturers and retailers have responded rapidly to these concerns. Both in Britain and the rest of the European Community there have been calls for a national or international system of positive environmental labelling, to provide independent guidance for consumers. Such a system has been in operation in the Federal Republic of Germany since 1978, and other countries are considering introducing their own national schemes.

Positive labelling identifies those products whose environmental impact is assessed as more benign. The Government has studied developments nationally and internationally and has sought the views of a range of interested parties in Britain in recent months, including consumer and environmental groups, retailers and producers. Its view is that an independent system could help to inform consumer choice, to improve the environmental impact of products, and to strengthen the competitive position of British producers. The creation of

many different national schemes, however, would risk creating new barriers to trade in the period before the completion of the single European market in 1992 (see p 49).

The Government therefore favours a Community-wide scheme which would be applicable generally to consumer products, with the exception of food and drink. Companies' participation should be voluntary, and simple assessment criteria should be used, with labels being awarded for a minimum period and subsequently subject to annual review.

Sources: *Environmental Labelling. A Discussion Paper.* Department of the Environment and the Department of Trade and Industry. Available free from the Department of the Environment, Room A302, Romney House, 43 Marsham Street, London SW1P 3PY.

Department of the Environment press notice, 7.8.89.

Sport for People with Disabilities

The Government has published a major report calling for a reorganisation of the structure of sport for people with disabilities, under which disabled sportsmen and women would be integrated into able-bodied sport and the governing bodies of sport would assume responsibility for all participants in their sport – whether able-bodied or disabled.

The Minister for Sport, Mr Colin Moynihan, announced the review of disabled sport in February 1988 (see p 123, 1988). It was set up in view of concerns about the increasing organisational complexity of sport for people with disabilities, uncertainties over its future co-ordination and funding, and a wish on the part of the Government to build on the commitment of the disability sports organisations and governing bodies of sport following the 1988 Paralympics in Seoul, Korea. The review group made a detailed study of the needs of people with disabilities in relation to existing sports facilities and access to them, coaching, funding, future structure and provision, Britain's role and participation in disabled sport at international level and the British team's performance at the 1988 Paralympics.

Launching the report[1] on 7 August, Mr Moynihan said that after 18 months of wide-ranging debate, it had become clear that the framework of disabled sport was complex and that there was much duplication of effort. Voluntary organisations did a magnificent job for disabled sport but they needed help: from local authorities to co-ordinate activities at the grass roots; from the Sports Council to achieve a higher priority for disabled sport; and from governing bodies to bring disabled sport closer to able-bodied sport. Disabled sportsmen and women wished to be integrated into able-bodied sport and one of the report's key recommendations was for the governing bodies of able-bodied sports to take responsibility for disabled sport. The report, said Mr Moynihan, would help to raise public awareness of the extraordinary talents of many of Britain's disabled sportsmen, women and children.

RECOMMENDATIONS

The report recommends that all those involved in sports provision should ensure that a wide range of opportunities are made available for disabled people to enable them to choose when and how they wish to participate in sport.

Central Government

The Government should urge the Sports Council (for England and for general matters affecting Britain as a whole) to allocate more of its resources to sport for people with disabilities, with the Minister for Sport hosting an annual event bringing together television heads of sport and sports editors to discuss media coverage of sport for people with disabilities. The Government should collect statistics on the number and location of disabled children in mainstream schools, and investigate the extent to which sporting provision is made for them, issuing guidance on good practice to local education authorities. The Government, the Sports Council, disability sports organisations and governing bodies should continue to co-operate with other countries in developing opportunities for disabled people to take part in sport and should seek to promote and emulate best practice at international level through their membership of relevant international organisations.

Sports Council

The Sports Council should, the report says, see that the needs of disabled people are taken into account in all its activities and establish a standing conference on sport for people with disabilities. Additional funds should be provided by the Council to assist disability sports organisations meeting its criteria for funding. Each of its five National Centres should draw up a strategy for encouraging more disabled athletes to use their facilities. Governing bodies should be required by the Sports Council to prepare a strategy for sport for people with disabilities and include this in the plans they submit when applying for financial aid. The Sports Council and others should assist the disability sports organisations to attract greater sponsorship.

The Council ought to continue to give financial support towards the cost of preparing for and participating in international disabled sports events through the British Paralympics Association. It should try to foster closer links between the disability sports organisations and governing bodies involved in winter sport and, in conjunction with the British Olympic Association, should continue to support the British Paralympic Association in its efforts to establish itself as a major organisation in British sport.

[1] *Building on Ability: Sport for People with Disabilities. Report of the Minister of Sport's Review Group 1988-89.* Available free from Publications Unit, Department of the Environment, Victoria Road, South Ruislip, Middlesex HA4 0NZ.

Sports Governing Bodies

The report recommends that sports governing bodies should ultimately assume responsibility for disabled sport. Hence, they should encourage disabled athletes to participate in events and competitions which they organise, either in direct competition with able-bodied athletes or in parallel events, ensuring that wherever possible able-bodied and disabled athletes compete under the same rules. Promotion of participation by disabled people and encouraging clubs to become more accessible to disabled people should be seen by governing bodies as an integral part of their function.

Governing bodies should try to involve disabled athletes in their decision-making and administration, and should convene a meeting of all organisations involved in providing sporting opportunities for people with disabilities to plan a co-ordinated programme of competition. They should encourage their international sporting federations to play a more active role in promoting sport for disabled people and should seek rule changes to enable able-bodied and disabled athletes to compete against each other wherever possible.

Local Authorities

Local authorities, which are major providers of sporting opportunities and facilities, should assume responsibility for ensuring provision and co-ordination of sport for people with disabilities at local level. As part of their wider policy towards disabled people, they should draft a statement on sport setting out their agreed aims and policies. The authorities should be fully aware of the voluntary organisations promoting disabled sport in their area, and should seek to assist them through financial and other means. Disabled people should be involved in decision-making by local authorities and there should be a forum for statutory and voluntary groups to co-ordinate their activities. Local authorities should co-operate with disability organisations at the earliest possible stage when developing new sports facilities, particularly swimming pools.

The authorities should work with the private and voluntary sectors to make sure that all sports facilities are fully accessible to disabled people, and concessionary rates should continue to be available for them. In future local authorities should direct public money towards increasing the accessibility of existing and new public facilities rather than providing facilities specifically for use by disabled people. Staff working in sports facilities should receive disability awareness training.

Local Education Authorities and School Governing Bodies

Local education authorities and governing bodies of schools should ensure that sport and physical education form a significant part of the curriculum for all children with special needs both in mainstream and special schools, with a minimum of 10 per cent of the curriculum time being devoted to physical education for children and young people aged 5 to 16. More special schools should make their sports facilities available for use by disabled people in the wider community.

British Sports Association for the Disabled

The report recommends that the British Sports Association for the Disabled should continue to co-ordinate centrally the development work of all regions. It should also address the reasons for the lack of confidence expressed by many about its performance at national level. With the United Kingdom Sports Association for People with Mental Handicap, it should undertake the co-ordination and development of sport for people with disabilities at regional level. Additionally, these organisations should approach all local further education colleges to find out what sporting provision is available for disabled people and call on those institutions not making proper provision to do so.

National Disability Sports Organisations

The seven national disability sports organisations should develop stronger links with sports disability groups in Scotland, Wales and Northern Ireland so that Britain is fully represented at international level. In the light of increasing specialisation at the highest levels, relevant bodies should consider whether sports opportunities would be better provided by a range of sports-specific organisations closely linked with the governing bodies of sport; where this is not possible, they should consider having one organisation dealing with athletes who rely on wheelchairs and a second for those who do not.

The British Paralympic Association and the British Olympic Association

The British Paralympic Association should start working with the media to plan coverage of the 1992 winter and summer Paralympics. It should pursue through relevant international bodies the simplification of existing systems of classification. The Olympics and Paralympics should be held at the same venue. The British Olympic Association ought to press for disabled events to continue to be included in the Olympics; however, priority should be given to developing world championships in individual sports involving both able-bodied and disabled athletes.

Other Interested Bodies

Health authorities should review their sports provision for disabled people in long-term care and devise strategies for securing opportunities for them to participate in sport. They should make their own sports facilities for disabled people widely available to all disabled people. The youth service should develop closer links with special and mainstream schools so that disabled children do not withdraw from sport on leaving school.

Teacher training institutions should make sure that people receiving training in physical education are aware of the needs of disabled sportsmen and women. The National Coaching Foundation, set up to improve the knowledge and practice of coaching, should continue to work with disability sports organisations to produce disability coaching programmes and to offer relevant courses in the national coaching centres. Disability sports organisations should develop strategies for increasing media coverage of disabled sport, while the media should adopt a more adventurous approach

towards sports for people with disabilities and try to establish an audience for major sports.

Muslims in Britain

In a letter addressed to several of the leading members of the British Muslim community, the Minister of State at the Home Office, Mr John Patten, has set out the Government's thinking on race relations in Britain. In it he stresses the importance of integration, or active participation, by ethnic minority groups in the mainstream of British life.

The letter has been written in the light of continuing protest and argument focusing on *The Satanic Verses*, a novel by the British author, Salman Rushdie, which was published in Britain in September 1988 and which many Muslims believe insults Islam and its founder, the Prophet Muhammad (see pp 92-4).

Britain's Muslim population is estimated at around 1·5 million, the largest number of whom originate from Pakistan and Bangladesh, with sizeable groups from India, Cyprus, the Arab world, Malaysia and parts of Africa. There is also a growing community of British-born Muslims, mainly the children of immigrant parents, but including an increasing number of converts to Islam. There are some 385 mosques and prayer centres throughout Britain. Mosques are not only places of worship: they are also cultural and social centres offering instruction in the Muslim way of life and facilities for social and welfare activities.

The Importance of Integration

Writing on 4 July, Mr Patten said the Government recognised that the last few months had been difficult for British Muslims; it understood how much 'hurt and anxiety' *The Satanic Verses* had caused and that 'insults, particularly to a deeply held faith' were not easily forgotten or forgiven. However the single most important principle 'must be the aim of full participation in our society by Muslim and other ethnic minority groups'. Modern Britain had plenty of room for diversity and variety. But there could be no room for separation or segregation. It was to the benefit of all, including the minorities themselves, that they should be part of the mainstream of British life. The Government, he said, would do all it could to encourage this and to welcome the full participation of ethnic minority groups.

Mr Patten noted that since the end of the second world war several million people from the new Commonwealth countries had chosen to settle in Britain or had been born in Britain into ethnic minority communities, bringing with them a rich and diverse heritage which had added to Britain's wealth of culture and tradition. Understandably the process of adjusting to large numbers of people with different backgrounds had not always been straightforward; nor had it been easy for many people who had had to adjust to a way of life very different from the one they had left behind. Inevitably there were stresses and strains.

Putting down new roots in a new community, Mr Patten continued, did not mean severing the old ones. No-one would expect or indeed want British Muslims, or any other group, to lay aside their faith, traditions or heritage. 'But the new roots must be put down and must go deep, too.' Language was the most obvious example. While it was quite natural and reasonable for the parents of an Asian child born in Britain to bring that child up able to speak the mother tongue, nevertheless they must not forget that for that child to prosper in Britain and to reach his or her full potential, the child would need a fluent command of English.

As with language, so with knowledge of institutions, history and traditions. 'Of course British Muslim children should be brought up faithful in the religion of Islam,' Mr Patten continued, 'but if they are also to make the most of their lives and opportunities as British citizens, then they must also have a clear understanding of British democratic processes, of its laws, the system of government and the history that lies behind them, and indeed of their own rights and responsibilities.' Greater integration in the sense of a fuller participation in British life did not mean forfeiting one's faith or forgetting one's roots. Muslims could not be expected to do this, nor could Hindus or Sikhs, Catholics or Jews.

Nevertheless all these groups should share a common link: that of being settled in Britain with all that that involved. While each group had its own specific issues of importance, these issues must be dealt with in their proper context, within the framework of the shared laws and standards and against the background of a desire to create a society free from racial or sex discrimination, with equality of opportunity for all.

Freedom of Expression

On the particular concerns raised by *The Satanic Verses*, Mr Patten commended the restraint shown by the vast majority of Muslims in exercising their right to protest and to express their grievance openly and freely. The Government was grateful that Muslim leaders had made public their regret for the behaviour of a very small minority who used the peaceful demonstrations as an excuse for violent disorder. He hoped that such behaviour would continue not to be exonerated or tolerated by the responsible majority.

Throughout the controversy surrounding *The Satanic Verses*, the Government had been guided by two principles: freedom of speech, thought and expression; and the notion of the rule of law. 'The same freedom which has enabled Muslims to meet, march and protest against the book, also preserves any author's right to freedom of expression for so long as no law is broken. To rule otherwise would be to chip away at the fundamental freedom on which our democracy is built. That is why we have no power to intervene with publishers or to have *The Satanic Verses* removed from bookshop shelves.' Nor, Mr Patten stressed 'would we seek or want any such power.'

Blasphemy Laws

Mr Patten observed that many Muslims had argued that the law of blasphemy[1] should be amended to

[1] Blasphemy and its written form blasphemous libel are common law offences whose scope has been settled by the courts in successive judgments, over the centuries. The law on blasphemy extends only to the Christian religion.

take such books outside the boundary of what was legally acceptable. 'We have considered their arguments carefully and reached the conclusion that it would be unwise for a variety of reasons to amend the law of blasphemy, not least the clear lack of agreement over whether the law should be reformed or repealed.'

First, the difficulties in re-defining what should or should not be blasphemous would be immense. For example, should protection be extended to all faiths, including the very minor or very obscure? Should it extend only to faiths believing in one God? Or to 'major' or 'mainstream' faiths only? Mr Patten thought there was no equitable, just or right answer to such questions.

Secondly, an alteration in the law could lead to a rush of litigation which would damage relations between faiths. Such litigation was inappropriate for dealing with matters of faith and individual belief; adherents to the Christian faith no longer relied on it, preferring to recognise that the strength of their own belief was the best armour against mockers and blasphemers. The important principle and the only one which the Government and the law could realistically protect, Mr Patten concluded, was that individuals should be free to choose their own faith and to worship without interference, in an atmosphere of mutual respect and toleration. The Government wished to see a Britain 'where Christians, Muslims, Jews, Hindus and others can all work and live together, each retaining ... their own faith and identity, but each sharing in common the bond of being, by birth or choice, British'.

Shorter Note

QUALIFIED TEACHER STATUS

New government regulations enabling people who have not completed a standard course of initial teacher training in England and Wales to qualify to teach in schools in England and Wales after working for an appropriate period as a licensed teacher came into force on 1 September (see p 216, 1988).

The licensed teacher route replaces previous arrangements by which teachers could be awarded qualified teacher status without taking a standard course of initial teacher training in England and Wales. The new regulations also allow trained teachers from other European Community countries to obtain qualified teacher status, making Britain the first country to implement a European Community directive, adopted in 1988, requiring member states to recognise each others' professional qualifications. Teachers trained in Scotland and Northern Ireland will be eligible to apply for qualified teacher status, while those teachers trained outside the European Community will be able to become licensed teachers if they meet the minimum requirements. It will be possible in certain cases for local education authorities and schools to recommend qualified teacher status for experienced overseas teachers from outside the European Community after one term's service as a licensed teacher.

For the most part, qualified teacher status will continue to be gained through the successful completion of an approved course leading to a Bachelor of Education (BEd) degree or a Postgraduate Certificate in Education. The aim of the new regulations is to help schools and local education authorities in England and Wales recruit sufficient numbers of suitable teachers and to enable mature, well-qualified people who want to take up teaching in mid-career to do so without having to return to full-time education; in addition, it will be easier for teachers trained overseas to take up posts in schools in England and Wales.

Licensed teachers must be at least 26 years old (unless trained abroad); have successfully completed two years' full-time higher education; and have passed General Certificate of Secondary Education Mathematics and English at grade C or above (or equivalent examinations). They will generally serve for two to three years as licensed teachers, undertaking a programme of training determined by their employer. Qualified teacher status will be granted only when candidates have appropriate knowledge and personal qualities and can demonstrate a level of competence equivalent to that of conventionally trained teachers.

Sources: Department of Education and Science circular No 18/89, *The Education (Teachers) Regulations 1989,* and DES news release, 17.8.89.

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Implementation of the Large Combustion Plants Directive. A consultation paper outlining the main requirements of the Directive adopted by the European Community in November 1988, which sets stringent emission standards for new large combustion plants and programmes for reducing total emissions of pollutants from existing large plants. The paper explains the Government's proposals to implement these requirements, which include a statutory plan for national emission reductions. Available free from the Department of the Environment, Room B364 Romney House, 43 Marsham Street, London SW1P 3PY.

The Implications of Sustainable Development for Resource Accounting, Project Appraisal and Integrative Environmental Policy. This report on the relationship between economic development and

the preservation of the environment was commissioned by the Department of the Environment from Professor David Pearce, Professor of Economics at University College, London, and Director of the London Environmental Economics Centre, who was recently appointed a special adviser to the Secretary of State for the Environment. Published on 15 August, it is no longer available in report form, but has been re-issued as a book under the title *Blueprint for Green Economy*. Earthscan, £6·95. ISBN 1 85383 066 6.

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Refugee Statistics, United Kingdom 1988 (Home Office statistical bulletin no. 25/89). In 1988, 960 people were granted refugee status, compared with 440 in 1987 and the highest figure since 1983, largely reflecting a higher number of grants to people from Somalia, Ethiopia, Sudan and Afghanistan. Over the period 1979-88, 9,600 people, over half of whom were Iranian, were granted refugee status, while 20,500 South East Asian refugees were accepted for settlement. A publication of the Government Statistical Service, available from Statistical Department, Home Office, Lunar House, Croydon, Surrey CR9 2YB.

Annual Report by the Secretary of State for Social Security on the Social Fund 1988-89. The first annual report on the social fund shows that more than one million people received loans or grants from the fund during its first year of operation. Expenditure on loans was £125 million and £41 million on grants. On average 59 per cent of applications for budgeting loans were successful, nearly 90 per cent of crisis loans and 52 per cent of community care grants. The Report draws attention to the flexible approach adopted by social fund officers: nearly 25 per cent of loan applications from pensioners which were refused resulted in a grant being awarded instead. Cm 748, HMSO, £5·60. ISBN 0 10 107482 4.

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Annual subscription including indices and postage £25.50 net
Dd 8844967 C7 SEPTEMBER/1989
ISBN 0 11 728507 2 Vol. 19 No. 9
ISSN 0039—6214